

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510-0010

Dear Mr. President:

Enclosed is a draft bill entitled the Department of Commerce 21st Century Innovation Act of 2003 . This bill modifies and modernizes the organizational structure of the Department of Commerce to enhance the formulation of technology, electronic commerce and telecommunications policy issues. Also enclosed are a statement of purpose and need and a sectional analysis.

We have been advised by the Office of Management and Budget that there is no objection to the transmittal of this proposal to the Congress from the standpoint of the Administration s program.

Sincerely,

Donald L. Evans

Enclosure

Identical Letters to be Sent to:

The Honorable Dennis Hastert
Speaker of the House of Representatives
Washington, DC 20515-6501

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, DC 20510-1601

The Honorable Tom DeLay
Majority Leader
House of Representatives
Washington, DC 20515-6503

The Honorable Thomas Daschle
Minority Leader
United States Senate
Washington, DC 20510-7010

The Honorable Nancy Pelosi
Minority Leader
House of Representatives
Washington, DC 20515-6502

The Honorable John McCain
Chairman, Committee on Commerce,
Science and Transportation
United States Senate
Washington, DC 20510-6125

The Honorable Ernest F. Hollings
Committee on Commerce,
Science and Transportation
United States Senate
Washington, DC 20510-6125

The Honorable W.J. "Billy" Tauzin
Chairman, Committee on Energy and
Commerce
House of Representatives
Washington, DC 20515-6115

The Honorable John D. Dingell
Committee on Energy and Commerce
House of Representatives
Washington, DC 20515-6115

The Honorable Sherwood Boehlert
Chairman, Committee on Science
House of Representatives
Washington, DC 20515

The Honorable Ralph M. Hall
Committee on Science
House of Representatives
Washington, DC 20515

A BILL

To reorganize certain authorities of the Secretary of Commerce to improve management and coordination of technology, electronic commerce and telecommunications policy issues, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

1 **SECTION 1. SHORT TITLE**

2 This Act may be cited as the Department of Commerce 21st Century Innovation
3 Act of 2003.

4 **SEC 2. TECHNOLOGY AND TELECOMMUNICATIONS ADMINISTRATION** 5 **AND UNDER SECRETARY OF COMMERCE FOR TECHNOLOGY AND** 6 **TELECOMMUNICATIONS.**

7 (a) ESTABLISHMENT. There is established in the Department of Commerce a
8 Technology and Telecommunications Administration. The Technology and
9 Telecommunications Administration shall include -

- 10 (1) the National Institute of Standards and Technology;
11 (2) the National Telecommunications and Information Administration;
12 (3) the National Technical Information Service; and
13 (4) the Office of Technology Policy.

14 (b) UNDER SECRETARY FOR TECHNOLOGY AND TELECOMMUNICATIONS. There
15 shall be in the Department of Commerce an Under Secretary of Commerce for
16 Technology and Telecommunications who shall be appointed by the President by and
17 with the advice and consent of the Senate.

18 (c) DUTIES. The Secretary, acting through the Under Secretary, shall manage the
19 Technology and Telecommunications Administration and supervise its agencies, programs
20 and activities. As part of the responsibility to supervise the agencies of the Technology
21 and Telecommunications Administration and their programs and activities, the Under
22 Secretary shall advocate technology and telecommunications policies at the federal, state,
23 and local level that promote, among other important benefits, economic growth, job
24 creation, national security and safety, a strong technology base, and a robust competitive
25 telecommunications infrastructure. The Under Secretary may consult with industries,

1 users of products and services and other stakeholders as appropriate to carry out this
2 function in the most effective manner.

3 (d) AUTHORIZATION OF APPROPRIATIONS. There is authorized to be appropriated
4 to the Secretary to carry out the activities of the Under Secretary and the Assistant
5 Secretary for Technology Policy, \$8,015,000 for the fiscal year ending September 30,
6 2004, and such sums as may be necessary for the fiscal years ending September 30, 2005,
7 and September 30, 2006.

8 (e) CONFORMING AMENDMENTS.

9 (1) Paragraph (3) of section 4 of the Stevenson-Wydler Technology
10 Innovation Act of 1980 (15 U.S.C. § 3703(3)) is amended as follows:

11 (3) *Under Secretary means the Under Secretary of Commerce*
12 *for Technology and Telecommunications appointed under section 2 of the*
13 *Department of Commerce 21st Century Innovation Act of 2003. .*

14 (2) Subsection (a) of section 5 of the Stevenson-Wydler Technology
15 Innovation Act of 1980 (15 U.S.C. § 3704(a)) which establishes the Technology
16 Administration as part of that Act is hereby deleted. Subsection (b) of section 5 is
17 amended by redesignating it as subsection (a) and by striking UNDER
18 SECRETARY AND in the heading. Re-designated subsection (a) of section 5 is
19 further amended by striking from to the extent through the end of paragraph (1)
20 and by striking the paragraph designation (2) .

21 (3) Subsections (c) through (f) of section 5 of Stevenson-Wydler
22 Technology Innovation Act of 1980 (15 U.S.C. § 3704(c)-(f)) are amended by re-
23 designating them as subsections (b) through (e).

24 (4) Subsection (b) of section 5 of the Stevenson-Wydler Technology
25 Innovation Act of 1980 (15 U.S.C. § 3704(b)) as re-designated is further amended
26 by striking paragraph (1) and re-designating current paragraphs (2) through (15)
27 as (1) through (14).

28 (5) Section 21 of the Stevenson-Wydler Technology Innovation Act of
29 1980 (15 U.S.C. § 3713) is hereby repealed.

1 (6) Section 5314 of title 5, United States Code, is amended by striking
2 Under Secretary of Commerce for Technology and inserting at the end thereof,
3 Under Secretary of Commerce for Technology and Telecommunications.

4 (f) TRANSITION. The individual currently serving as the Under Secretary of
5 Commerce for Technology shall serve as Under Secretary of Commerce for Technology
6 and Telecommunications until the President appoints a successor pursuant to section 2(b)
7 of this Act.

8 **SEC. 3. REPORT.**

9 Within one year of the date of enactment of this Act, the Secretary of Commerce
10 shall submit a report to the House Committee on Science, the House Committee on
11 Energy and Commerce, and the Senate Committee on Commerce, Science, and
12 Transportation, on the status of the reorganization of the Department of Commerce s
13 telecommunication, electronic commerce and technology functions. Such report shall
14 identify specifically the impact of the reorganization on functions performed by the
15 National Telecommunications and Information Administration for the House Energy and
16 Commerce Committee, and the impact on functions currently performed by the
17 Technology Administration for the House Science Committee (and for the Senate
18 Commerce, Science, and Transportation Committee with respect to both). The report
19 shall describe steps taken to improve policy development and coordination within the
20 Department with respect to technology, telecommunications and electronic commerce
21 issues that are currently handled by the Technology Administration, the National
22 Telecommunications and Information Administration, and the International Trade
23 Administration.

Statement of Purpose and Need

This legislative proposal modifies and modernizes the organizational structure of the Commerce Department to enhance the formulation of technology, electronic commerce and telecommunications policy issues.

The new structure will combine the National Telecommunications and Information Administration (NTIA) and the electronic commerce policy functions of the International Trade Administration (ITA) with the current Technology Administration (TA). This reform will give greater visibility to the Administration's telecommunications and technology priorities and create one well-coordinated agency to focus on both domestic and international issues important to our innovation economy.

The Department of Commerce currently develops and implements technology, electronic commerce and telecommunications policy in three bureaus: TA, NTIA, and ITA. To complement the convergence in the private sector of technology and communications companies, Secretary Evans is proposing to reorganize Departmental personnel and management to formalize the coordination of domestic and international policy development for these inter-related sectors of the economy. The proposed structure would have the Under Secretary for Technology and Telecommunications oversee the expanded bureau. The combined agency would provide a stronger voice on issues critical to America's technological leadership and economic growth.

In order to accomplish the modernization, the Technology Administration is re-established as the Technology and Telecommunications Administration (TTA), headed by an Under Secretary of Commerce for Technology and Telecommunications. The legislative proposal establishes TTA as a free-standing provision of law independent of the Stevenson-Wydler Technology Innovation Act of 1980 which currently establishes the Technology Administration within Commerce and sets out many of the Secretary of Commerce's functions relating to technology policy issues. In addition, the proposal adds NTIA to the list of agencies reporting to the Under Secretary for Technology and Telecommunications. While the proposal places NTIA within TA and under the supervision of the Under Secretary, the Assistant Secretary of Commerce for Communications and Information would continue to be the administrator of NTIA and NTIA will continue to be the line agency responsible for carrying out the Secretary's telecommunication functions.

The proposal recommends re-establishing the Technology and Telecommunications Administration apart from the Stevenson-Wydler Act because the merged agency will have a combined focus on telecommunications and technology issues, and telecommunications issues will be equally important. We anticipate that the codifier would place the merged Technology and Telecommunications Administration within that part of title 15 of the United States Code which sets out the organization of the Department of Commerce (see 15 U.S.C. §§ 1501-1511).

No legislative change is required to merge the ITA electronic commerce policy functions with the Technology and Telecommunications Administration as these functions are currently delegated to ITA by internal Departmental organizational order. The proposed reform will not impact ITA's responsibilities regarding trade negotiations and promotion as they pertain to electronic commerce.

The proposal would authorize appropriations for the Technology and Telecommunications Administration for the FY 2004 at the level of \$8 million and such sums as necessary for FY 2005 and FY 2006. The Department is proposing this reorganization for management reasons and does not anticipate that it will have any significant budgetary impacts.

Sectional Analysis

Section 1. SHORT TITLE. This section provides that the short title to the Act is the Department of Commerce 21st Century Innovation Act of 2003.

Sec. 2. ESTABLISHMENT OF THE TECHNOLOGY AND TELECOMMUNICATIONS ADMINISTRATION. Subsection (a) of this section adds the National Telecommunications and Information Administration to the list of Commerce agencies comprising the Technology Administration and establishes the Administration as the Technology and Telecommunications Administration, an organization independent of the Stevenson-Wydler Technology Innovation Act of 1980. Currently, section 5 of that Act establishes the Technology Administration and creates the position of the Under Secretary of Commerce for Technology. In order to emphasize that the telecommunications functions will be equally important to the technology functions, the proposed legislation establishes both the Technology and Telecommunications Administration and the position of the Under Secretary of Commerce for Technology and Telecommunications as free-standing provisions of law. We would expect the codifier to place the new provisions as a new section 1511a of title 15, United States Code, alongside other provisions dealing with the organization of the Department of Commerce.

Subsection (b) provides for appointment of the Under Secretary for Technology and Telecommunications by the President, with the advice and consent of the Senate.

Subsection (c) provides that the Secretary, acting through the Under Secretary, will manage the Technology and Telecommunications Administration and serve as the supervising official of its agencies and components. As part of the supervisory duties, the proposal assigns to the Under Secretary responsibility for advocating technology and telecommunications policies at the Federal, state and local levels that promote economic growth, job creation, national security and safety. The Under Secretary is also responsible for advocating policies for a strong technology base and a robust competitive telecommunications infrastructure. The Under Secretary will consult with industries, users of products and services and other stakeholders to enable the Under Secretary to carry out these critical technology and telecommunications policy functions in the most effective manner.

Subsection (d) authorizes appropriations for FY 2004 at \$8,015,000, the level requested in the FY 2004 Budget. Such sums as necessary are authorized for FY 2005 and FY 2006.

Subsection (e) makes conforming changes to the Stevenson-Wydler Act. Paragraph (1) amends the definition of Under Secretary in section 4 of the Stevenson-Wydler Act to reflect that the position would no longer be created as part of that Act. Paragraph (2) deletes that portion of section 5(b) of the Stevenson-Wydler Act that established the Technology Administration and created the position of the Under Secretary for Technology. Paragraphs (3) and (4) revise the format of section 5 to reflect the above changes. Paragraph (5) of this subsection deletes section 21 of the Stevenson-Wydler Act regarding authorization of appropriations for the Technology Administration. Paragraph (6) removes the position of the Under Secretary of Commerce for Technology from the listing in section 5314 of title 5, United States Code, providing for compensation at level III of the Executive Schedule and adds the re-designated position of the Under Secretary of Commerce for Technology and Telecommunications at the end of the section.

Subsection (f) provides authority to enable the current Under Secretary of Commerce for Technology to serve as the Under Secretary of Commerce for Technology and Telecommunications until the President appoints as successor in accord with subsection (b) of this section.

Sec. 3. REPORT. This section requires the Secretary of Commerce to submit a report to the House Committee on Science, the House Committee on Energy and Commerce, and the Senate Committee on Commerce, Science and Transportation, on the status of the reorganization of the Department of Commerce's telecommunication, electronic commerce and technology functions within one year of the date of enactment. The report must describe steps taken to improve policy development and coordination within the Department with respect to technology, telecommunications and electronic commerce issues that are currently handled by the Technology Administration, the National Telecommunications and Information Administration, and the International Trade Administration. In addition, the report shall discuss the impact the reorganization has had specifically with respect to telecommunications issues handled by NTIA and technology issues handled by the current Technology Administration.

Text of Statutory Authority as Amended

1. Department of Commerce Organization Provisions (title 15) (§ 2(a)-(c) of proposal)

[new § 15 U.S.C. § 1511a]

1 *§ 1511a. Technology and Telecommunications Administration*

2 (a) *ESTABLISHMENT.* *There is established in the Department of Commerce a*
3 *Technology and Telecommunications Administration. The Technology and*
4 *Telecommunications Administration shall include -*

5 (1) *the National Institute of Standards and Technology;*

6 (2) *the National Telecommunications and Information Administration;*

7 (3) *the National Technical Information Service; and*

8 (4) *the Office of Technology Policy.*

9 (b) *UNDER SECRETARY FOR TECHNOLOGY AND TELECOMMUNICATIONS.* *There shall*
10 *be in the Department of Commerce an Under Secretary of Commerce for Technology and*
11 *Telecommunications who shall be appointed by the President by and with the advice and*
12 *consent of the Senate.*

13 (c) *DUTIES.* *The Secretary, acting through the Under Secretary, shall manage the*
14 *Technology and Telecommunications Administration and supervise its agencies, programs*
15 *and activities. As part of the responsibility to supervise the agencies of the Technology*
16 *and Telecommunications Administration and their programs and activities, the Under*
17 *Secretary shall advocate technology and telecommunications policies at the federal, state,*
18 *and local level that promote, among other important benefits, economic growth, job*
19 *creation, national security and safety, a strong technology base, and a robust competitive*
20 *telecommunications infrastructure. The Under Secretary may consult with industries,*
21 *users of products and services and other stakeholders as appropriate to carry out this*
22 *function in the most effective manner.*

23 (d) *AUTHORIZATION OF APPROPRIATIONS.* *There is authorized to be appropriated to*
24 *the Secretary to carry out the activities of the Under Secretary and the Assistant Secretary*
25 *for Technology Policy, \$8,015,000 for the fiscal year ending September 30, 2004, and such*
26 *sums as necessary for the fiscal years ending September 30, 2005, and September 30,*
27 *2006.*

28 (e) *CONFORMING AMENDMENTS.* [Conforming changes to the Stevenson-Wydler
29 Act, see number 2 below.]

30 (f) *TRANSITION.* *The individual currently serving as the Under Secretary of*
31 *Commerce for Technology shall serve as Under Secretary of Commerce for Technology*
32 *and Telecommunications until the President appoints a successor pursuant to section 2(b)*
33 *of this Act.*

2. Stevenson-Wydler Technology Innovation Act of 1980 (§§ 2(d) of proposal)

Sec. 4 (15 U.S.C. § 3703). Definitions

As used in this chapter, unless the context otherwise requires, the term -

* * * * *

(3) "Under Secretary" means the Under Secretary of Commerce for *Technology and Telecommunications* appointed under section 2 of the *Department of Commerce 21st Century Innovation Act of 2003*.

* * * * *

Sec. 5 (15 U.S.C. § 3704). Commerce and technological innovation.

(a) ~~[ESTABLISHMENT. There is established in the Department of Commerce a Technology Administration, which shall operate in accordance with the provisions, findings, and purposes of this chapter. The Technology Administration shall include -~~

~~(1) the National Institute of Standards and Technology;~~

~~(2) the National Technical Information Service; and~~

~~(3) a policy analysis office, which shall be known as the Office of Technology Policy.]~~

~~[(b) UNDER SECRETARY AND] ASSISTANT SECRETARY. The President shall appoint, by and with the advice and consent of the Senate, [to the extent provided for in appropriations Acts -~~

~~(1) an Under Secretary of Commerce for Technology, who shall be compensated at the rate provided for level III of the Executive Schedule in section 5314 of title 5; and~~

~~(2)] an Assistant Secretary of Commerce for Technology Policy, who shall serve as policy analyst for the Under Secretary..~~

(b) [(c)] DUTIES. The Secretary, through the Under Secretary, as appropriate, shall

~~[(1) manage the Technology Administration and supervise its agencies, programs, and activities;]~~

~~(1) [(2)] conduct technology policy analyses to improve~~

* * * * *

1 **Sec. 21 (15 U.S.C. § 3713). Authorization of appropriations.**

2 ~~(a)(1) There is authorized to be appropriated to the Secretary for the purposes of~~
3 ~~carrying out sections 3704, 3710(g), and 3711 of this title not to exceed \$3,400,000 for the~~
4 ~~fiscal year ending September 30, 1988.~~

5 ~~(2) Of the amount authorized under paragraph (1) of this subsection,~~
6 ~~\$2,400,000 is authorized only for the Office of Productivity, Technology, and~~
7 ~~Innovation; \$500,000 is authorized only for the purpose of carrying out the~~
8 ~~requirements of the Japanese technical literature program established under section~~
9 ~~3704(d) of this title; and \$500,000 is authorized only for the patent licensing~~
10 ~~activities of the National Technical Information Service.~~

11 ~~(b) In addition to the authorization of appropriations provided under subsection (a)~~
12 ~~of this section, there is authorized to be appropriated to the Secretary for the purposes of~~
13 ~~carrying out section 3704a of this title not to exceed \$500,000 for the fiscal year ending~~
14 ~~September 30, 1988, \$1,000,000 for the fiscal year ending September 30, 1989, and~~
15 ~~\$1,500,000 for the fiscal year ending September 30, 1990.~~

16 ~~(c) Such sums as may be appropriated under subsections (a) and (b) of this section~~
17 ~~shall remain available until expended.~~

18 ~~(d) To enable the National Science Foundation to carry out its powers and duties~~
19 ~~under this chapter only such sums may be appropriated as the Congress may authorize by~~
20 ~~law.]~~

3. Report (§ 3 of proposal)

1 **SEC. 3. REPORT.**

2 *Within one year of the date of enactment of this Act, the Secretary of Commerce*
3 *shall submit a report to the House Committee on Science, the House Committee on Energy*
4 *and Commerce, and the Senate Committee on Commerce, Science, and Transportation, on*
5 *the status of the reorganization of the Department of Commerce s telecommunication,*
6 *electronic commerce and technology functions.*

7 *Such report shall identify specifically the impact of the reorganization on functions*
8 *performed by the National Telecommunications and Information Administration for the*
9 *House Energy and Commerce Committee, and the impact on functions currently*
10 *performed by the Technology Administration for the House Science Committee (and for*
11 *the Senate Commerce, Science, and Transportation Committee with respect to both). The*
12 *report shall describe steps taken to improve policy development and coordination within*
13 *the Department with respect to technology, telecommunications and electronic commerce*
14 *issues that are currently handled by the Technology Administration, the National*
15 *Telecommunications and Information Administration, and the International Trade*
16 *Administration.*